



City of Anaheim  
**OFFICE OF THE CITY MANAGER**

May 29, 2019

Honorable Peggy Huang, Chair  
Community, Economic and Human Development Policy Committee  
Regional Housing Needs Assessment Subcommittee  
Southern California Association of Governments  
900 Wilshire Boulevard, Suite 1700  
Los Angeles, CA 90017

**Subject: Draft Regional Housing Needs Assessment (RHNA) Consultation Package to the California Department of Housing and Community Development (HCD) and Proposed RHNA Methodology Components**

Honorable Chair Huang and Honorable Committee Members,

The City of Anaheim (City) appreciates the opportunity to provide formal written comments to the Southern California Association of Governments (SCAG) on the Draft RHNA Consultation Package to HCD. The City is concerned about the methodology that SCAG is proposing for the 6<sup>th</sup> RHNA Housing Cycle, specifically related to planning for an existing housing need that is above and beyond projected growth in the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). Historically, RHNA legislation has included a provision to consider existing need as part of the RHNA methodology. However, it is the City's understanding that in the past, the consideration of existing housing need has been assumed as part of the projected growth that SCAG forecasts for the RTP/SCS, in consultation with local jurisdictions.

The City's understanding of the proposed methodology is that SCAG would like to address the existing housing need in a manner that is different from previous RHNA cycles. Anaheim requests that the methodology for the 6<sup>th</sup> RHNA Housing Cycle, be consistent, as it has been in the past, with the anticipated Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) growth projections for the SCAG region. Specifically, we request that SCAG propose to HCD a regional determination of 430,000 housing units for the 6<sup>th</sup> RHNA Cycle, which reflects the forecasted growth assumed in the RTP/SCS.

The City provides its forecasted growth to SCAG through the Orange County Projections (OCP) process, which is then provided to SCAG for inclusion in the RTP/SCS. The City develops its forecast for anticipated growth based upon a number of factors including the City's analysis of existing need; sites suitable for the construction of housing; market demand; the City's General Plan and Zoning Map/Code; past RTP/SCS goals, policies and principles, such as concentrating new development around high quality transit areas and corridors (HQTA/C); and, projected population and employment growth.

It is our understanding that SCAG intends to propose a RHNA methodology to HCD that will add an existing housing need number to the local forecasted growth projections, which is above and beyond the number of units determined by the local input described above. Additionally, it is our understanding that SCAG is proposing a methodology that would assign jurisdictions with HQT/C, such as Anaheim, a disproportionate amount of the existing need, without any basis for determining whether the jurisdiction has policies or factors in place that have contributed to this need or land available to accommodate additional housing.

In 2014, SCAG allocated or assigned the development of 5,702 residential units to Anaheim during the 2014-2021 planning cycle. As of December 2018, the City had issued permits to construct 6,503 residential units, 801 units more than the City's total RHNA allocation. However, the vast majority of the units (6,235 units) qualify as above moderate-income housing. Based on the City's RHNA allocation, the City can count no more than 2,501 of these units towards the RHNA allocation for above-moderate income housing. Therefore, the City's remaining RHNA allocation is 2,933 units, including 1,158 units for very low-income residents, 792 units for low-income residents and 983 units for moderate-income residents. Anaheim has demonstrated its leadership in facilitating housing, including affordable housing. However, like most cities throughout the State, the lack of funding sources following the elimination of redevelopment has made it difficult for Anaheim to achieve all of its affordable housing obligations.

In 2018, the Anaheim City Council adopted an affordable housing policy statement to encourage a dialogue between the City and all developers of rental and for-sale housing to consider options and approaches for addressing the City's affordable housing needs. In conjunction with the policy statement, the Council also adopted an action plan that outlines several action items aimed at increasing the supply of affordable housing in Anaheim. Staff is working to implement all facets of the plan. Earlier this year, Governor Newsom recognized the City of Anaheim at the 2019 State of the State as a local government that "does the right thing" with respect to housing production. However, despite these efforts, the proposed RHNA methodology would burden the City with additional housing need, above and beyond, its forecasted growth, simply based on population size and HQT/C and not on its demonstrated progress towards addressing this need.

The State Legislature has adopted a number of housing bills over the last few years that place increased pressure on local governments to facilitate the development of affordable housing and achieve their RHNA allocations. One of these bills is Senate Bill 35 (SB 35), which requires local governments that have not met their RHNA allocations to expedite and approve "by-right" (streamline) affordable housing development projects that provide a prescribed amount of affordable units on an infill site and comply with existing residential and mixed-use zoning. Based upon Anaheim's performance to date towards meeting its RHNA allocation, SB 35 requires Anaheim to streamline the approval process for housing development projects that designate 50 percent of units available for households with incomes below 80 percent of the Area Medium Income (AMI).

Additionally, SB 166 requires local jurisdictions to continually update their housing elements and General Plans, as new development permits are issued and land uses change, to ensure that their housing elements always identify enough sites for potential development to meet their assigned goals for housing of different income categories. This is also known as the "No Net Loss" provision of State law. Since local jurisdictions rely upon private housing developers to build housing (based on local market conditions), local jurisdictions cannot fully control how a property is built. For example, a city may zone a 10-acre property to allow for by-right development at a density of 30 units to the acre (resulting in a potential capacity of 300 units) and a developer may decide that what is financially feasible and the market demands is 18 units to the acre (resulting in 180 housing units constructed). In this case, the city would need to demonstrate where the net difference in housing units between the land capacity and actual development (120 housing units) can be built. Local jurisdictions with limited land capacity and high RHNA allocations will find it nearly impossible to comply with State law unless developers always build at the maximum density allowed on the site.

Furthermore, AB 1397 specifies that housing elements can only list land as a potential site to accommodate new housing if that land has a realistic capacity for housing development. Therefore, basing existing need on the jurisdiction's share of population and the presence of HQT/C will place numerous jurisdictions in a position where their housing elements cannot comply with State law. This also includes a limitation on carrying over vacant sites as housing sites if they have been included in two or more previous housing elements.

The above legislation and description of Anaheim's attempt to facilitate housing to meet its RHNA allocation are intended to demonstrate how important it is that the methodology be reasonable and equitable. Creating an artificially high RHNA allocation that cannot realistically be implemented will result in jurisdictions being subject to State mandates that take away our local control land use control. Simply put, clearly housing can be built in Anaheim, but with the demise of redevelopment, we do not have the funding to subsidize affordable housing to meet our unattainable RHNA targets. However, we are hopeful that the funding that the State has recently put in place will help us towards those goals.

As indicated in last month's RHNA Subcommittee Staff Report, SCAG's goals for the consultation process include the following:

- Follow the SCAG RTP/SCS growth forecasting process, procedure, methodology and results including bottom up local review, comment and input.
- Provide the best outcomes for the SCAG regional housing needs assessment and determination, meet the requirements of the law, and use the best available statistics and technical methodology.
- Research the appropriate factors and causes associated with existing housing needs.
- Develop policy responses for a long-term robust stable supply of sites and zoning for housing construction.

Anaheim believes that by proposing to HCD a regional determination 430,000 housing units for the 6<sup>th</sup> RHNA Cycle, the above goals will be accomplished. The determination will reflect local input, it will be a reasonable and equitable determination that meets State law requirements and will allow local control over the development of its communities.

Respectfully submitted,



Chris Zapata  
City Manager

- C: CEHD Committee  
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